

UNITED STATES COURT
OF FEDERAL CLAIMS

CHIPPEWA CREE TRIBE OF THE ROCKY)	
BOY'S RESERVATION, for and on behalf)	
of itself and its members and as)	
parens patriae for its members,)	
et al.,)	
)	
Plaintiffs,)	Docket No. 92-675 L
v.)	Judge Roger B. Andewelt
)	
THE UNITED STATES OF AMERICA)	
)	
Defendant)	
)	

DECLARATION OF FRIDOLF H. KELLERUP, JR.

I, FRIDOLF H. KELLERUP, JR., hereby declare:

1. I am a Financial Economist with the Branch of Trust Funds Investment, Office of Trust Funds Management ("OTFM"), Office of the Special Trustee for American Indians, United States Department of the Interior.

2. As a Financial Economist in the Branch of Trust Funds Investment it is my responsibility to both manage and to oversee the day-to-day management of the investment portfolios of those federally recognized tribes and individual Indians that have trust funds maintained on their behalf by the Secretary of the Interior. As trustee, the Secretary has the responsibility and authority, among other things, to preserve and invest Indian trust monies. Investment of such funds is governed by and conducted in accordance with 25 U.S.C. §162a. In my capacity as Financial Economist, I have been delegated the authority to buy and sell securities within legal guidelines, to establish relationships with approved broker-dealers, to recommend policy and amendments thereto, and to take other appropriate action deemed necessary and prudent to the discharge of my responsibilities.

3. The investment activities of the OTFM are directed toward fulfillment of three primary objectives: quality, liquidity and rate of return. Accordingly, investment portfolios are generally



comprised of securities exhibiting Baa (Moody's rating) or better quality in conformity with applicable laws and regulations. Within guidelines particular to each tribal and special fund "use and distribution plan," an adequate percentage of a tribe's investment portfolio is generally maintained in liquid, short-term investments that can be converted to cash, if necessary, in order to meet any tribal disbursement requirements. Of major importance in all tribal investment portfolios is an acceptable rate of return over the long term without compromising the stated objectives of quality and liquidity. Specific portfolios are generally structured to achieve at least a market-average rate of return throughout economic cycles, taking into account the specific tribe's risk constraints and the cash flow requirements dictated by its use and distribution plans and/or budget forecasts.

4. It is my understanding that the focus of this litigation is the Secretary's management of the Pembina Judgment Fund ("PJF"). Based upon my analysis of the matter, the PJF was created by several appropriations and was ultimately divided among five groups consisting of three federally recognized tribes, one unrecognized tribe, and a group of non-member lineal descendants.

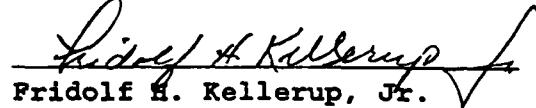
5. Prior to its division among the five groups, the PJF was invested as a single non-divisible account. From 1980 to 1989, the general practice was to invest such funds in certificates of deposit in duration of one year and under. Funds awaiting placement in certificates of deposit or in excess of the certificate of deposit program's capacity were placed in appropriate treasury bills. Determinations concerning the investment of the PJF prior to distribution would have been made by the responsible investment officer in Albuquerque in conjunction with the responsible Aberdeen Area official in that there was no way for the responsible officers to set management goals specific to a particular tribe and/or group prior to distribution pursuant to an approved plan.

6. Following distribution of the PJF to the appropriate five groups, investment of PJF funds should have adhered to the investment practices outlined in paragraph 3 above.

7. To the best of my knowledge, the reconciliation project performed by Arthur Andersen was not directed at analyzing the investment practices employed by the Secretary in investing PJF

funds. However, based upon my experience, it is my opinion that such information could be ascertained from a review of the relevant tribal investment records.

I declare under penalty of perjury that the foregoing is true and correct and that this Declaration is executed on this 20th day of October, 1997, in Albuquerque, New Mexico.


Fridolf H. Kellerup, Jr.